

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



GOV. MSG. NO. 1400

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

July 3, 2025

The Honorable Ronald D. Kouchi
President of the Senate,
and Members of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Nadine Nakamura
Speaker, and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Aloha President Kouchi, Speaker Nakamura, and Members of the Legislature:

I am transmitting herewith H.B. 796 without my approval and with the statement of objections relating to the measure.

H.B. 796 RELATING TO TAX CREDITS.

Mahalo,

A handwritten signature in black ink, appearing to read "Josh Green".

Josh Green, M.D.
Governor, State of Hawai'i

EXECUTIVE CHAMBERS

HONOLULU

July 3, 2025

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 796

Honorable Members
Thirty-Third Legislature
State of Hawai'i

Pursuant to Section 16 of Article III of the Constitution of the State of Hawai'i, I am returning herewith, without my approval, House Bill No. 796, entitled "A Bill for an Act Relating to Tax Credits."

The purpose of this bill is to require that all tax credits either in existence on December 31, 2025, or established or renewed after that date, either include a five-year sunset date or be subject to an annual one-third reduction in credit amount. This annual reduction will take place over a three-year period, beginning in the sixth year of the credit after December 31, 2025.

This bill is objectionable because it would have a deleterious long-term impact on income tax credits across a variety of important industries, including film and television, research, and renewable energy. These tax credits are critical to supporting economic development and diversification, particularly within growing and emerging sectors. Categorically sunseting income tax credits will not only disincentivize future investors from doing business in Hawai'i but will also destabilize existing businesses that currently rely upon these tax credits.

For the foregoing reasons, I am returning House Bill No. 796 without my approval.

Respectfully,

A handwritten signature in black ink, appearing to read "Josh Green", with a long horizontal stroke extending to the right.

JOSH GREEN, M.D.
Governor of Hawai'i

A BILL FOR AN ACT

RELATING TO TAX CREDITS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to require income
2 tax credits existing on December 31, 2025, or established or
3 renewed after December 31, 2025, to include a five-year sunset
4 or a gradual reduction over a three-year period, beginning with
5 the sixth year of the credit.

6 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
7 amended by adding a new section to part I to be appropriately
8 designated and to read as follows:

9 "§235- Tax credits; generally. Any income tax credit
10 either existing under this chapter on December 31, 2025, or
11 established or renewed under this chapter after December 31,
12 2025, shall include either:

- 13 (1) A five-year sunset date; or
14 (2) Beginning with the sixth year of the credit, an annual
15 one-third reduction in the credit amount allowed to be
16 claimed, over a three-year period;



1 provided that this section shall not apply to section 235-15 or
2 income tax credits codified under part III of this chapter."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect upon its approval.



H.B. NO. 796
H.D. 1
S.D. 1
C.D. 1

APPROVED this day of , 2025

GOVERNOR OF THE STATE OF HAWAII

HB No. 796, HD 1, SD 1, CD 1

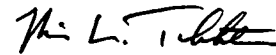
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 30, 2025
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Third Legislature of the State of Hawaii, Regular Session of 2025.



Nadine K. Nakamura
Speaker
House of Representatives




Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI'I

Date: April 30, 2025
Honolulu, Hawai'i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate
of the Thirty-Third Legislature of the State of Hawai'i, Regular Session of 2025.


President of the Senate


Clerk of the Senate